

**STATE OF CALIFORNIA
CALIFORNIA DEBT AND INVESTMENT ADVISORY COMMISSION
MELLO-ROOS COMMUNITY FACILITIES DISTRICT
REPORTING GUIDELINES**

Revised: June 1998

The California Debt and Investment Advisory Commission is providing the following guidelines to assist local agencies in the implementation of Section 53359.5 of the Government Code, which section is part of the Mello-Roos Community Facilities Act of 1982, amended (Sections 53311 et. seq.).

All issuers selling CFD bonds after January 1, 1993, are covered by this law and are required to report certain information about the bond issues through the completion of the *Yearly Fiscal Status Report* and/or the *Draw on the Reserve Fund or Default Report*. Issuers are required to file a *Yearly Fiscal Status Report* if they have sold bonds before June 30th of each year and yearly thereafter. Issuers who sell Mello-Roos CFD bonds after June 30th must file a *Yearly Fiscal Status Report* the following year and each year thereafter. All issuers, regardless of when bonds are sold, are required to report any draw on reserve or default that occurs throughout the calendar year.

State Law

Section 53359.5 was amended by Senate Bill 1464 (Chapter 772, Statutes of 1992) to add subsections (b), (c), and (d).
Section 53359.5(b) and (c) was amended by SB 331 (Chapter 1193, Statutes of 1993).

Section 53359.5(b) of the Government Code requires all agencies issuing Mello-Roos Community Facilities District bonds, including refunding bonds, after January 1, 1993, to report specific information to the Commission by October 30th of each year. The information items required by Section 53359.5 include:

- (1) the principal amount of bonds outstanding;
- (2) the balance in the bond reserve fund;
- (3) the balance in the capitalized interest fund, if any;
- (4) the number of parcels which are delinquent with respect to their special tax payments, the amount that each parcel is delinquent, the length of time that each has been delinquent, and when foreclosure was commenced for the delinquent parcels;
- (5) the balance in any construction funds; and
- (6) the assessed value of all parcels subject to special tax to repay the bonds as shown on the most recent equalized roll.

The agency is to report on these items until the bonds have been retired. This report is called the *Yearly Fiscal Status Report*.

Section 53359.5(c) of the Government Code requires that all agencies issuing Mello-Roos Community Facilities District bonds, regardless of when sold, notify the Commission by mail, postage prepaid, within 10 days if any of the following events occur:

- (1) the local agency or its trustee fails to pay principal and interest due on any scheduled payment date; or
- (2) funds are withdrawn from a reserve fund to pay principal and interest on the bonds.

This is called the *Draw on Reserve or Default Report*.

Section 53359.5(d) of the Government Code provides that the legislative body and CDIAC are immune from liability for inadvertent errors in reporting under Section 53359.5.

General Guidelines

- A *Mello-Roos Community Facilities District* agency is the city council, county board of supervisors, board of directors of a special district, school district or joint powers authority that created the CFD and is responsible for complying with Section 53359.5 of the Government Code.
- All CFD agencies selling bonds after January 1, 1993, must file *Yearly Fiscal Status* reports with the Commission.
- All CFD agencies which issue bonds, regardless of when sold, must report any default (non-payment of principal or interest) or draw on the reserve fund.
- *Bonds* shall mean any evidence of debt paid from Mello-Roos special taxes including limited tax obligation bonds, special tax bonds, certificates of participation and bond anticipation notes.

**MELLO-ROOS COMMUNITY FACILITIES DISTRICT
REPORTING GUIDELINES**
(Continued)

Yearly Fiscal Status Report

- All CFD agencies affected by this law will receive a *Yearly Fiscal Status Report* on or about August 1st of each year. This form will be sent to the agency annually and must be returned to the Commission by October 30th of each year until all bonds are retired. Issuers selling bonds after June 30th of each year will not be required to file a *Yearly Fiscal Status Report* for that year, but will be required to file a *Yearly Fiscal Status Report* thereafter.

- *Date of Sale:* The date the bond purchase agreement is signed on a negotiated financing or the date the bid was accepted on a competitive bid.
- *Fund Balances:* The principal amount of the bonds outstanding and the fund balances for the bond reserve fund, capitalized interest fund and construction funds should be reported as of *June 30th*.

Reserve Fund: Report *both* the minimum balance of the Reserve Fund as required in the bond indenture and the reserve fund balance as of June 30th of the year.

- *Assessed Value:* Issuers should report the *total* assessed value of parcels (land and improvements), which are subject to or may be subject to the special tax, shown on the most recent tax roll. Include the date of the tax roll used on the report.

For issuers selling prior to June 30th of the year or those issuers that have 12 months of capitalized interest available and for which no annual tax roll billing will be required, the most recent appraisal value of the property may be reported as the assessed value.

- *Tax Collection Information:* Issuers should report the total amount of special taxes *due* for the district in the fiscal year and the total amount of special taxes *collected* for the district in the fiscal year.
- *Teeter Plan:* Note if the district is covered under its county's Teeter Plan.
- ***Delinquencies:* Report delinquencies as of the current tax roll. Report the total the number of delinquent parcels and the total dollar amount of delinquent taxes.**
- ***Foreclosure Information:* Foreclosure commences on the date the CFD agency notifies the property owner of the foreclosure. Issuers should report the date foreclosure commenced on any parcel(s), the number of foreclosure parcels and the total dollar amount of taxes due for foreclosures for that date. Report all foreclosures by date for the fiscal year.**
- *Retiring an Issue:* If this issue is no longer subject to the requirements of the law, indicate the reason (i.e., issue refunded entirely, issue fully matured, etc.).

Non-Payment of Principal and Interest (Default) or Draw on the Reserve Fund

- All CFD agencies which issue bonds, regardless of when sold, are covered by this requirement.
- A *Draw on the Reserve Fund* is defined as any withdrawal of funds that decreases the Reserve Fund below that amount stated as the *Minimum Reserve Fund Required* in the official bond documents of the bond sale. Withdrawals from the Reserve Fund to pay principal and/or interest payments that do not decrease the Fund below the Minimum Reserve need not be reported.
- Any CFD agency which draws the Reserve Fund below the Minimum Reserve Fund Required or fails to pay debt service must report to the Commission, within 10 days of an event, each time such an event occurs.
- The report shall consist of a letter to the Commission stating:

- (1) the community facilities district's name,
- (2) the bond issue title and original date of issue,
- (3) the type of event [draw on the reserve fund or non-payment of principal and interest (default)],
- (4) the date the draw on the reserve fund or non-payment occurred, and
- (5) the amount of the draw on reserve fund or non-payment.

Issuers may include a statement of explanation containing information pertinent to the draw on reserve fund or default (i.e., how the agency expects to address the issue, etc.).

Note: Guidelines and *Yearly Fiscal Status* Forms may be download from the CDIAC website at <http://www.treasurer.ca.gov/stocda.htm>.

For further information or questions, please contact:
California Debt and Investment Advisory Commission
915 Capitol Mall, Rm. 400
Sacramento, CA 95814
Phone: (916) 653-3269 FAX (916) 654-7440